

REPORT

of the Management Board on the
activities of the Group in H1 2019

Mysłowice, 31 July 2019



STALEXPORT
Autostrady



TABLE OF CONTENTS

1. BASIC INFORMATION ON THE STALEXPORT AUTOSTRADY GROUP	7
1.1. STALEXPORT AUTOSTRADY S.A.	9
1.2. ENTITIES COVERED BY THE CONSOLIDATION AND THE METHODS OF THEIR CONSOLIDATION	10
1.3. PRINCIPLES OF PREPARATION OF THE CONDENSED SEMI-ANNUAL CONSOLIDATED FINANCIAL STATEMENTS	10
1.4. DESCRIPTION OF OTHER COMPANIES OF THE STALEXPORT AUTOSTRADY GROUP	11
1.4.1. STALEXPORT AUTOROUTE S.À R.L.	11
1.4.2. STALEXPORT AUTOSTRADA MAŁOPOLSKA S.A.	12
1.4.3. VIA S.A.	13
1.4.4. BIURO CENTRUM SP. Z O.O.	14
2. OTHER INFORMATION ON THE STALEXPORT AUTOSTRADY GROUP	15
2.1. INFORMATION ON CONTRACTS SIGNIFICANT FOR THE CAPITAL GROUP'S OPERATING ACTIVITY, INCLUDING CONTRACTS BETWEEN THE SHAREHOLDERS AS WELL AS INSURANCE AND COOPERATION CONTRACTS THE COMPANY IS AWARE OF	15
2.2. INFORMATION ON CHANGES IN ORGANISATIONAL OR CAPITAL RELATIONS OF THE GROUP WITH OTHER ENTITIES	16
2.3. INFORMATION ON CONCLUSION BY THE COMPANY OR BY ITS SUBSIDIARY OF ONE OR MORE TRANSACTIONS WITH RELATED PARTIES, IF ENTERED INTO ON TERMS OTHER THAN MARKET TERMS	16
2.4. INFORMATION ON GRANTING BY THE COMPANY OR BY ITS SUBSIDIARY OF CREDIT OR LOAN SURETIES OR ON GRANTING OF GUARANTEES – IN TOTAL TO ONE ENTITY OR TO ITS SUBSIDIARY, IF THE TOTAL VALUE OF EXISTING SURETIES OR GUARANTEES IS SIGNIFICANT	19
2.5. INFORMATION ON ISSUANCE OF SECURITIES INCLUDING DESCRIPTION OF THE USE OF THE PROCEEDS FROM THE ISSUE BY THE COMPANY	19
2.6. THE COMPANY'S SHARES OR RIGHTS THERETO HELD BY MEMBERS OF THE COMPANY'S MANAGING AND SUPERVISORY BODIES WITH AN INDICATION OF CHANGES IN SUCH HOLDINGS IN THE PERIOD FROM THE DAY OF SUBMISSION OF THE PREVIOUS PERIODIC REPORT	19
2.7. SHAREHOLDERS HOLDING DIRECTLY OR INDIRECTLY THROUGH SUBSIDIARIES AT LEAST 5% OF THE TOTAL NUMBER OF VOTES AT THE ISSUER'S GENERAL MEETING AS AT THE DATE OF HANDING OVER OF THE SEMI-ANNUAL REPORT WITH AN INDICATION OF THE NUMBER OF SHARES HELD BY SUCH PERSONS/ENTITIES, THEIR PERCENTAGE SHARE IN THE SHARE CAPITAL, THE NUMBER OF VOTES RELATED TO THESE SHARES AND THEIR PERCENTAGE SHARE IN THE TOTAL NUMBER OF VOTES AT THE COMPANY'S GENERAL MEETING	20
2.8. INFORMATION ON SIGNIFICANT PROCEEDINGS BEFORE THE COURT, THE AUTHORITY COMPETENT FOR THE ARBITRATION PROCEEDINGS OR A PUBLIC ADMINISTRATION AUTHORITY	20
3. INFORMATION SIGNIFICANT FOR THE ASSESSMENT OF THE STAFFING SITUATION, FINANCIAL POSITION, ASSETS AND FINANCIAL RESULT OF THE STALEXPORT AUTOSTRADY GROUP AND OF CHANGES THEREOF, AND INFORMATION SIGNIFICANT FOR THE ASSESSMENT OF THE ISSUER'S AND OF ITS GROUP'S ABILITY TO FULFIL THEIR OBLIGATIONS	21
3.1. INFORMATION SIGNIFICANT FOR THE ASSESSMENT OF THE STAFFING SITUATION IN THE STALEXPORT AUTOSTRADY GROUP	21
3.2. PRESENTATION OF FINANCIAL RESULTS	26
3.2.1. AMOUNT AND STRUCTURE OF OPERATING REVENUE	27
3.2.2. AMOUNT AND STRUCTURE OF OPERATING EXPENSES	29
3.2.3. FINANCIAL OPERATIONS	30
3.3. ASSETS AND FINANCIAL POSITION	30
3.3.1. ASSETS	31

3.3.2.	LIABILITIES.....	32
3.3.3.	NET DEBT	32
3.3.4.	CAPITAL EXPENDITURE.....	34
4.	PERSPECTIVES FOR DEVELOPMENT AND MAJOR RISKS AND THREATS; DESCRIPTION OF THE EXTERNAL AND INTERNAL FACTORS SIGNIFICANT FOR THE GROUP'S DEVELOPMENT	35
4.1.	OUTLOOKS FOR DEVELOPMENT.....	35
4.2.	DESCRIPTION OF SIGNIFICANT RISK FACTORS AND THREATS; DESCRIPTION OF EXTERNAL AND INTERNAL FACTORS SIGNIFICANT FOR THE DEVELOPMENT OF THE COMPANY AND OF THE STALEXPORT AUTOSTRADY GROUP	35
5.	CONCLUSION	38
6.	MANAGEMENT BOARD'S REPRESENTATION SETTING FORTH THAT, ACCORDING TO THEIR BEST KNOWLEDGE, THE CONDENSED SEMI-ANNUAL CONSOLIDATED FINANCIAL STATEMENTS AS WELL AS THE COMPARABLE DATA HAVE BEEN DRAWN UP IN LINE WITH THE APPLICABLE ACCOUNTING STANDARDS AND THEY GIVE A TRUE AND FAIR VIEW OF THE GROUP'S ASSETS AND FINANCIAL POSITION AS WELL AS OF ITS FINANCIAL RESULT, AND THAT THE SEMI-ANNUAL MANAGEMENT BOARD'S REPORT ON THE ACTIVITIES OF THE COMPANY'S GROUP GIVES A TRUE PRESENTATION OF THE DEVELOPMENT, ACHIEVEMENTS AND POSITION OF THE COMPANY'S GROUP, INCLUDING A DESCRIPTION OF MAJOR THREATS AND RISKS	39
7.	ENCLOSURES.....	40

LIST OF TABLES

TABLE 1	BASIC FINANCIAL DATA OF SELECTED ENTITIES FROM THE STALEXPORT AUTOSTRADY GROUP [FIGURES in PLN '000]	8
TABLE 2	ENTITIES BEING PART OF THE GROUP AS AT 30 JUNE 2019 (APART FROM THE COMPANY).....	10
TABLE 3	TABLE 3 I NUMBER AND NOMINAL VALUE OF STALEXPORT AUTOSTRADY SHARES (OR RIGHTS THERETO) HELD BY PERSONS MANAGING AND SUPERVISING THE COMPANY (AS AT 30 JUNE 2019 AND AS AT THE DATE OF HANDING OVER OF THE REPORT)	19
TABLE 4	LIST OF STALEXPORT AUTOSTRADY SHAREHOLDERS HOLDING SIGNIFICANT BLOCKS OF THE COMPANY'S SHARES (AS AT 30 JUNE 2019 AND AS AT THE DATE OF HANDING OVER OF THE REPORT)	20
TABLE 5	SELECTED ITEMS OF THE STATEMENT OF COMPREHENSIVE INCOME OF THE STALEXPORT AUTOSTRADY GROUP IN H1 2019 AND IN THE SAME PERIOD OF THE PREVIOUS YEAR (CONSOLIDATED FIGURES).....	26
TABLE 6	AVERAGE DAILY TRAFFIC (ADT)	27
TABLE 7	TOLL REVENUE	28
TABLE 8	SYNTHETIC STATEMENT OF FINANCIAL POSITION OF THE STALEXPORT AUTOSTRADY GROUP (CONSOLIDATED DATA) AS AT 30 JUNE 2019 AND AS AT 31 DECEMBER 2018.....	31
TABLE 9	FINANCIAL DATA CONCERNING THE CONDENSED SEMI-ANNUAL CONSOLIDATED FINANCIAL STATEMENTS OF THE STALEXPORT AUTOSTRADY GROUP FOR THE PERIOD OF 6 MONTHS ENDED ON 30 JUNE 2019	40
TABLE 10	FINANCIAL DATA CONCERNING THE CONDENSED SEMI-ANNUAL SEPARATE FINANCIAL STATEMENTS OF STALEXPORT AUTOSTRADY FOR THE PERIOD OF 6 MONTHS ENDED ON 30 JUNE 2019	41

LIST OF FIGURES

FIGURE 1	ORGANISATIONAL CHART OF THE STALEXPORT AUTOSTRADY GROUP AS AT 30 JUNE 2019.....	7
FIGURE 2	ORGANISATIONAL CHART OF STALEXPORT AUTOSTRADY S.A. AS AT 30 JUNE 2019	21
FIGURE 3	DYNAMICS OF AVERAGE DAILY TRAFFIC (ADT) AND OF TOLL REVENUE FOR PASSENGER CARS IN H1 2019 VS H1 2018 (QUARTER ON QUARTER OF THE PREVIOUS YEAR)	28
FIGURE 4	DYNAMICS OF AVERAGE DAILY TRAFFIC (ADT) AND OF TOLL REVENUE FOR HEAVY GOODS VEHICLES IN H1 2019 VS H1 2018 (QUARTER ON QUARTER OF THE PREVIOUS YEAR)	29
FIGURE 5	NET DEBT OF THE GROUP (CONSOLIDATED DATA) – AS AT 30 JUNE 2019 AND 31 DECEMBER 2018.....	33

DEFINITIONS AND ABBREVIATIONS

The table below presents the definitions of the abbreviations used in this Report.

ADT	Average Daily Traffic
ASPI	Autostrade per l'Italia S.p.A. with its registered office in Rome (Italy)
Atlantia	Atlantia S.p.A. with its registered office in Rome (Italy)
Financing Banks	Portigon AG (London Branch), Bank BGŻ BNP Paribas S.A., FMS Wertmanagement, KfW IPEX-Bank GmbH and PEKAO S.A.
Biuro Centrum	Biuro Centrum Sp. z o.o. with its registered office in Katowice
Ernst & Young	Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k. with its registered office in Warsaw, at Rondo ONZ 1, entered on the list of entities authorised to audit financial statements kept by the National Chamber of Statutory Auditors under No. 130
GDDKiA	General Directorate for National Roads and Motorways
GPW	Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie S.A.)
Capital Group, Stalexport Autostrady Group, Group	The Stalexport Autostrady S.A. Capital Group with its registered office in Mysłowice
KSH, Commercial Companies Code	The Act of 15 September 2000 – the Code of Commercial Companies and Partnerships (Polish Journal of Laws Dz.U. of 2000 No. 94 item 1037 as amended)
Independent Engineer	JPL Project Sp. z o.o. with its registered office in Warsaw
Pavimental Polska	Pavimental Polska Sp. z o.o. with its registered office in Trzebinia (32-450), at ul. Słowackiego 49
PPP	Public-Private Partnership
SAM, Concessionaire	Stalexport Autostrada Małopolska S.A. with its registered office in Mysłowice
Report	Management Board's Report on the Activities of Stalexport Autostrady S.A. in H1 2019

Stalexport Autoroute	Stalexport Autoroute S.à r.l. with its registered office in Luxembourg
Stalexport Autostrady, Company, Issuer	Stalexport Autostrady S.A. with its registered office in Mysłowice
Concession Agreement	The Concession Agreement dated 19 September 1997 on building through conversion of the A4 motorway section: Katowice (Murckowska Junction, 340.2 km) – Kraków (Balice Junction, 401.1 km) to the toll motorway standards and motorway operation on this section, including modifications made on the basis of subsequent amendments, the rights and obligations under which were transferred in their entirety from Stalexport Autostrady to SAM on 26 July 2004
Project Loan Agreement	The Agreement dated 28 December 2005, entered into between SAM and the banks, i.e. WESTLB BANK POLSKA S.A., Warsaw, WESTLB AG (London Branch), DEPFA BANK PLC, Dublin, Ireland, KfW Frankfurt, Germany and BANK BPH SPÓŁKA AKCYJNA, Warsaw. The object of the Loan Agreement was to grant a loan of up to PLN 380 million to finance the A4 toll motorway project on the Katowice-Kraków section (i.e. to finance the construction works of Phase IIa and to refinance the construction works of Phase I)
VIA4	VIA4 Spółka Akcyjna with its registered office in Mysłowice
General Meeting	The General Meeting of Shareholders

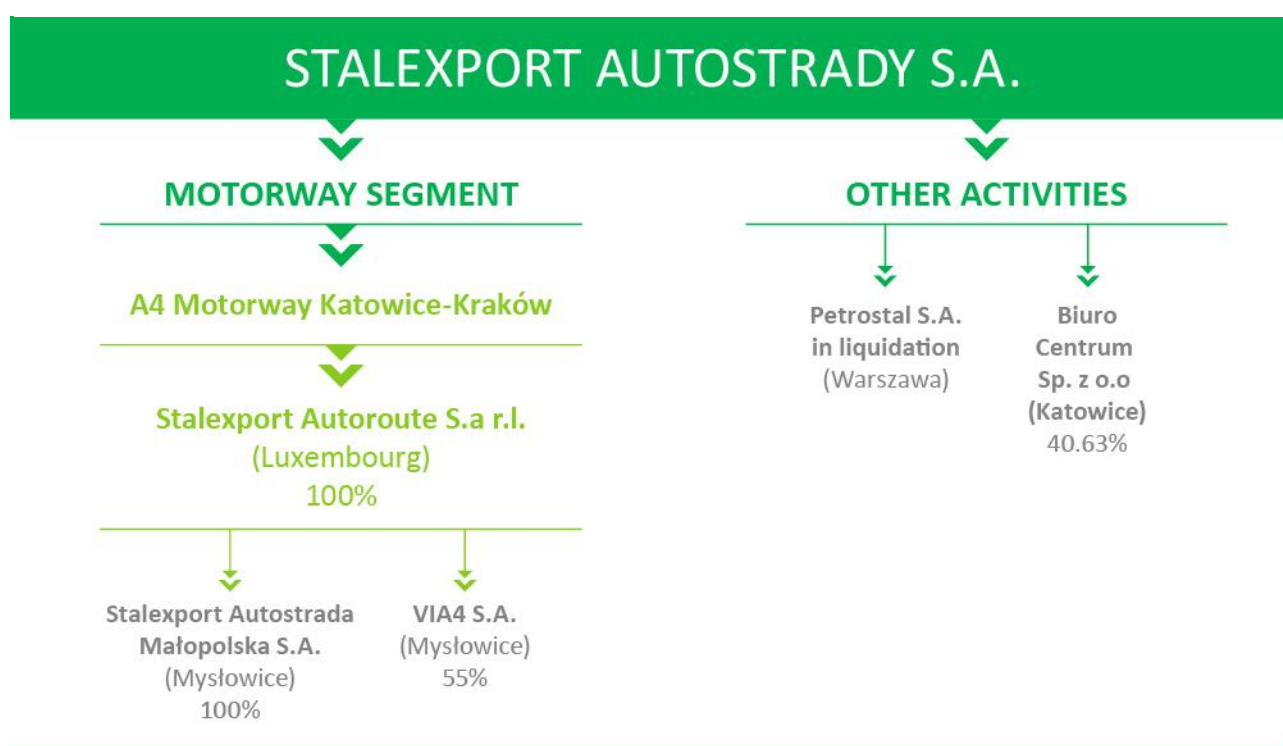
1. BASIC INFORMATION ON THE STALEXPORT AUTOSTRADY GROUP

At present, the operations of the Company and of the entities belonging to its Capital Group focus primarily on activities related to motorways. They include operation and maintenance of the Katowice-Kraków section of the A4 motorway. The activities are conducted by SAM and VIA4 through the special purpose holding: Stalexport Autoroute.

Additionally, owing to the fact that Stalexport Autostrady Group co-owns the office building in the centre of Katowice, it provides services related to leasing of office and parking spaces. These activities are carried out by the Company itself, as the co-owner of the property, as well as by its affiliate Biuro Centrum Sp. z o.o., as the property managing entity.

The chart below presents the organisational structure of Stalexport Autostrady Group broken down into: (i) the core area of activities, i.e. the motorway segment, and (ii) other activities.

FIGURE 1 | ORGANISATIONAL CHART OF THE STALEXPORT AUTOSTRADY GROUP AS AT 30 JUNE 2019



Source: The Company's own compilation

Table 1 includes basic consolidated figures of Stalexport Autostrady Group as well as separate data regarding the three major entities belonging to the Group, i.e. Stalexport Autostrady, SAM and VIA4. Apart from the results achieved by the said companies in H1 2019, for the purpose of comparison, we also included the results achieved by the companies in the corresponding period of the previous year, whereas for the balance sheet data, we presented the figures as at 31 December 2018.

TABLE 1 | BASIC FINANCIAL DATA OF SELECTED ENTITIES FROM THE STALEXPORT AUTOSTRADY GROUP [FIGURES in PLN '000]

	The Group		Stalexport Autostrady		SAM		VIA4	
balance sheet data	30 Jun 2019	31 Dec 2018	30 Jun 2019	31 Dec 2018	30 Jun 2019	31 Dec 2018	30 Jun 2019	31 Dec 2018
Non-current assets	992,016	936,345	79,454	77,224	980,204	927,186	17,461	9,637
Current assets	299,278	394,556	197,306	276,989	93,288	109,636	19,109	13,525
Total shareholders' equity	751,492	804,671	268,262	349,460	533,441	499,645	15,516	10,227
Non-current liabilities	339,182	357,896	3,685	99	339,938	364,385	12,039	5,168
Current liabilities	200,620	168,334	4,813	4,654	200,113	172,792	9,015	7,767
Net debt***	-571,937	-576,056	-180,000	-263,193	-375,581	-290,086	15,232	7,801
performance data	H1 2019	H1 2018	H1 2019	H1 2018	H1 2019	H1 2018	H1 2019	H1 2018
Revenues from sales	167,962	160,244	1,909	1,851	165,994	158,128	24,064	23,324
Gross profit/loss from sales	122,125	140,047	-17	-27	111,387	128,483	9,565	10,406
EBITDA*	95,313	133,530	-2,032	-1,939	89,862	127,146	8,287	8,559
EBIT	61,009	125,200	-2,358	-2,205	56,286	119,461	6,847	7,713
Result on financial activities	-2,063	-7,826	12,917	2,847	-3,424	-9,827	-235	-111
Net profit/loss	37,541	93,963	10,410	493	32,935	87,896	5,339	6,120
EBIT margin**	36%	78%	-124%	-119%	34%	76%	28%	33%
ROE	5%	13%	4%	0%	6%	21%	34%	80%

*EBITDA = EBIT + depreciation and amortisation + provision for motorway resurfacing

**EBIT margin = EBIT / revenue from sales

*** Net debt = total liabilities – provision for capital expenditures – derivatives (net of deferred tax impact) – non-current deposits – cash and cash equivalents

Source: The Company's own compilation

1.1. STALEXPORT AUTOSTRADY S.A.

ul. Piaskowa 20
41-404 Mysłowice
tel. +(48) 32 762 75 45
fax +(48) 32 762 75 56

The Management Board:
Emil Wąsacz – President of the
Management Board, CEO
Mariusz Serwa – Vice-President of the
Management Board, CFO

KRS [company reg. no.]: 0000016854
District Court Katowice-Wschód
in Katowice, 8th Commercial Department
of the National Court Register

NIP [tax ID]: 634-013-42-11
REGON [statistical no.]: 271936361

Share capital: PLN 185,446,517.25
(paid-up in full)

www.stalexport-autostrady.pl

Stalexport Autostrady S.A. plays the primary role in the Group, which focuses on the upgrade and expansion of motorway infrastructure. The Company was the first Polish company to be granted, in 1997, in concession to implement the pioneering project with regard to the operation, alteration and adaptation of the Katowice–Kraków section of the A4 motorway to toll motorway requirements.

In 2004, the concession was transferred to an entity established specifically for the purpose of implementing the provisions of the Concession Agreement, i.e. Stalexport Autostrada Małopolska S.A. Since mid-2006, the Company has been part of the Italian Atlantia Capital Group. In 2018, Atlantia, together with the Spanish construction group ACS and its German subsidiary Hochtief, took over control of the Spanish group Albertis. The Atlantia Group operates in 16 countries. It is a leader with regard to electronic toll collection systems on motorways, it manages a network of approximately 14,000 km of toll motorways, in countries such as Italy, Spain, France, Argentina as well as in Brazil, Chile, India and Poland, as well as the Fiumicino and Ciampino airports in Italy and three airports in France: Nice, Cannes-Mandelieu and Saint Tropez, which serve over 60 million passengers every year.

For more information about the Atlantia Group, visit its web page at www.atlantia.it.

Apart from the activities associated with the construction and operation of toll motorways, Stalexport Autostrady also leases out office space in a building it co-owns, located in Katowice.

1.2. ENTITIES COVERED BY THE CONSOLIDATION AND THE METHODS OF THEIR CONSOLIDATION

Stalexport Autostrady is the parent company and it draws up the consolidated financial statements. The entities covered by the consolidation as at 30 June 2019, except for the parent entity, are described in the following table.

TABLE 2 | ENTITIES BEING PART OF THE GROUP AS AT 30 JUNE 2019 (APART FROM THE COMPANY)

Company name	Registered office	Main area of activity	Company status	Share in the capital and in the total number of votes	Date of taking control/ Acquisition date	Consolidation method
Stalexport Autoroute S.à r.l.	Luxembourg	Management activity	Subsidiary	100%	2005	Full
Stalexport Autostrada Małopolska S.A.	Mysłowice	Motorway construction and operation	Subsidiary	100%*	1998	Full
VIA4 S.A.	Mysłowice	Motorway operation	Subsidiary	55%	1998	Full
Biuro Centrum Sp. z o.o.	Katowice	Real estate administration	Affiliate	40.63%	1994	Equity method
Petrostal S.A. in liquidation**	Warsaw	Inactive	Subsidiary	100%	2005	-

*through Stalexport Autoroute S.à r.l.

**entity not covered by the consolidation due to existing limitations regarding control exercise

Source: The Company's own compilation

1.3. PRINCIPLES OF PREPARATION OF THE CONDENSED SEMI-ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

The principles (basis) of preparation of the condensed semi-annual consolidated financial statements are described in point 2 of the Notes to the condensed semi-annual consolidated financial statements for the period of 6 months ended on 30 June 2019.

1.4. DESCRIPTION OF OTHER COMPANIES OF THE STALEXPORT AUTOSTRADY GROUP

1.4.1. STALEXPORT AUTOROUTE S.À R.L

412F, route d'Esch
L-1471 Luxembourg

Company registered under the no.
B 113660
in the Registre de Commerce et des
Sociétés de Luxembourg

Share capital: EUR 56,149,500

Ownership structure:
100% – Stalexport Autostrady

Stalexport Autoroute was registered on 30 December 2005. Establishing this entity was one of the prerequisites for SAM to reach the financial close, namely to successfully conclude a long-term Project Loan Agreement with a consortium of banks. On the basis of the aforementioned Project Loan Agreement, the Group obtained a loan of up to PLN 380 million which was necessary to finance the investment programme for the A4 motorway on the Katowice–Kraków section.

The entity does not conduct any operational activities apart from holding shares in SAM as well as in VIA4 for the purpose of appropriate implementation of the securities package (pledge on shares) for the Project Loan Agreement.

On 24 July 2019, the Management Board of Stalexport Autostrady decided that, as a result of the effective prepayment of the Loan Agreement by SAM and of the performance of the related factual and legal acts in order to have the debt security interests resulting from the Loan Agreement cancelled from the relevant registers, it would take actions aimed at simplifying the Group's structure, in order to reduce the costs of its functioning, by discontinuing the business activities of Stalexport Autoroute and its legal existence. The legal existence of Stalexport Autoroute will end by way of a cross-border merger of the Issuer with Stalexport Autoroute, consisting in a cross-border takeover of Stalexport Autoroute by the Company, without increasing the Company's share capital, using the simplified merger procedure in accordance with the Commercial Companies Code and on the basis of the relevant provisions of the laws of Luxembourg.

1.4.2. STALEXPORT AUTOSTRADA MAŁOPOLSKA S.A.

ul. Piaskowa 20
41-404 Mysłowice
tel. +(48) 32 762 75 55
fax +(48) 32 762 75 56

Management Board:

Emil Wąsacz – President of the Management Board
Mariusz Serwa – Vice-President of the Management Board, CFO
Paweł Kocot – Member of the Management Board

KRS [company reg. no.]:
0000026895

District Court Katowice-Wschód
in Katowice, 8th Commercial
Department of the National Court
Register

NIP [tax ID]: 634-22-62-054
REGON [statistical no.]: 273796214

Share capital:
PLN 66,753,000
(paid-up in full)

Ownership structure:
100% – Stalexport Autostrady
(through Stalexport Autoroute)

www.autostrada-a4.pl

SAM was established on the basis of the notarial deed of 19 December 1997 as a company which at that time was intended as a special purpose vehicle in the project consisting in the management of the A4 motorway on the Katowice–Kraków section.

The activities provided for in the Company's Statutes include management of motorway projects as well as all the tasks resulting from the applicable Concession Agreement, which encompasses management of construction, adaptation to the requirements of a toll motorway and operation of the A4 motorway Katowice–Kraków section (the aforementioned concession was initially granted to Stalexport Autostrady, and subsequently transferred to SAM pursuant to the decision of the Minister of Infrastructure of 28 July 2004).

Pursuant to the Concession Agreement, SAM was authorised to collect lease fees and toll for using the above-mentioned motorway section. In line with the provisions of this Concession Agreement, the entity is, in exchange, obliged to provide ongoing maintenance of the motorway and continue other necessary investment tasks.

SAM finances its operations with the revenue generated from toll collection and other revenue, including the received lease fees.

For the implementation of the assumed investment programme, on the other hand, SAM received external financing up to the amount of PLN 380 million under the Project Loan Agreement entered into on 28 December 2005 with the Financing Banks.

In H1 2019, the company repaid its liabilities under the Project Loan Agreement in the amount of approx. PLN 21.702 million. The nominal balance of the liabilities resulting from the said agreement amounted to approx. PLN 56.020 million as at 30 June 2019.

On 24 July 2019, the Management Board of SAM adopted a resolution according to which it decided to make, on 30 September 2019, a complete prepayment of the debt resulting from the Loan Agreement remaining to be repaid and, after the said prepayment, to proceed to all factual or legal acts in order to have the security interests resulting from the Loan Agreement cancelled from the relevant registers.

Selected financial data of SAM are presented in the table at the beginning of this Section.

1.4.3. VIA S.A.

ul. Piaskowa 20
41-404 Mysłowice
tel. +(48) 32 762 73 50
fax +(48) 32 762 73 55

Management Board:

Henri Skiba – President of the
Management Board

Mieczysław Skołyński – Vice-
President of the Management
Board

KRS [company reg. no.]:

0000162861

District Court Katowice-Wschód
in Katowice, 8th Commercial
Department of the National
Court Register

NIP [tax ID]: 634-22-98-951

REGON [statistical no.]:

276194390

Share capital:

PLN 500,000

(paid-up in full)

Ownership structure:

55% – Stalexport Autostrady

(through Stalexport Autoroute)

45% – Egis Road Operation S.A.

(France)

www.via4.pl

The company VIA4 was established on the basis of the notarial deed of 14 May 1998. The business of VIA4 consists in activity related to the operation of the A4 toll motorway on the Katowice–Kraków section. The entity effectively renders its services to its only customer, namely SAM as the entity managing this motorway section pursuant to the Concession Agreement.

For the services it performs, the entity receives lump-sum remuneration, the value of which depends mainly on the level of traffic on the motorway and on the inflation rate.

The main tasks performed by VIA4 comprise the services of ongoing operation and maintenance of the A4 toll motorway section (Katowice–Kraków), including: operation of the toll collection system; management of motorway traffic; maintenance of the motorway facilities in proper technical condition; comprehensive maintenance of the entire motorway right-of-way; winter maintenance of the motorway; management and consulting, in particular with respect to future repairs and renovation of the road surface and projects related to road standard improvement.

VIA4 also carries out equally important tasks related to safety and road traffic: 24/7 motorway patrols, which in cooperation with the Motorway Management Centre ensure possibly quick incident detection; operation of the SOS telephone system along the motorway right-of-way; cooperation with the police and other services in order to ensure unobstructed traffic flow on the motorway in case of collisions, accidents or other incidents.

Selected financial data of VIA4 are presented in Table no. 1.

1.4.4. BIURO CENTRUM SP. Z O.O.

ul. Mickiewicza 29
40-085 Katowice
tel. +(48) 32 207 22 08
fax +(48) 32 207 22 00

Management Board:
Ryszard Krzeszowiak
– President of the Management Board
Andrzej Kluba
– Vice-President of the Management Board

KRS [company reg. no.]:
0000087037
District Court Katowice-Wschód
in Katowice, 8th Commercial
Department of the National
Court Register

NIP [tax ID]: 634-10-03422
REGON [statistical no.]:
272254793

Share capital:
PLN 80,000
(paid-up in full)

Ownership structure:
59.37% – WĘGŁOKOKS S.A.
40.63% – Stalexport Autostrady

www.biurocentrum.com.pl

Biuro Centrum was established on the basis of the notarial deed of 9 June 1994.

The main business of Biuro Centrum consists in management and maintenance of the office and conference building in Katowice at ul. Mickiewicza 29 co-owned by Stalexport Autostrady (40.47%) and Węgłokoks S.A. (59.53%).

Biuro Centrum guarantees high standards and professionalism in all services concerning property management and maintenance. It has state-of-the-art organisational, technical and office facilities in place.

The supplementary activities of Biuro Centrum include catering services in the “Pod wieżami” restaurant run by the company.

2. BASIC INFORMATION ON THE STALEXPORT AUTOSTRADY GROUP

2.1. INFORMATION ON CONTRACTS SIGNIFICANT FOR THE CAPITAL GROUP'S OPERATING ACTIVITY, INCLUDING CONTRACTS BETWEEN THE SHAREHOLDERS AS WELL AS INSURANCE AND COOPERATION CONTRACTS THE COMPANY IS AWARE OF

On 4 February 2019, SAM issued a letter of approval for Pavimental Polska (hereinafter referred to as the Contractor). The issuing of the said letter of approval meant that SAM had accepted the tender submitted by Pavimental Polska in the procedure related to the implementation of fixed price lump-sum contract no. HM-4-2019 "2019–2020 Resurfacing" (hereinafter referred to as the HM-4-2019 Contract).

The net value of the HM-4-2019 Contract is PLN 49,689,014.68 (hereinafter: the Approved Net Contractual Amount).

As part of the HM-4-2019 Contract, a total of 42.4 km of the A4 motorway surface on the Katowice–Kraków will be renovated.

On the same day, SAM and the Contractor signed an agreement related to the performance of the HM-4-2019 Contract, whose provisions are consistent with the form presented in the tender procedure documents.

The General Conditions for the HM-4-2019 Contract will be provided by the "Conditions of Contract for Construction for Building and Engineering Works Designed by the Employer", first ed. 1999, published by Fédération Internationale des Ingénieurs-Conseils (FIDIC), copy in Polish (fourth English-Polish edition, unchanged, 2008). The General Conditions of Contract will be complemented by the Specific Conditions of Contract. The General Conditions of Contract remain in force unless the Specific Conditions of Contract provide otherwise. The General and the Specific Conditions of the Contract together form the Conditions of Contract.

The agreement provides for the following contractual penalties (liquidated damages) for the Contractor:

- delay damages – the liquidated damages limit under Clause 8.7 of the Conditions of Contract is 10% of the Approved Net Contractual Price,
- damages for failure to remedy defects by the fixed date – the liquidated damages limit under Clause 11.4 of the Conditions of Contract is 10% of the Approved Net Contractual Price,
- damages for unjustified traffic hindrances – the liquidated damages limit under Clause 8.13 of the Conditions of Contract is 2% of the Approved Net Contractual Price,

On 9 July 2019, SAM issued a letter of approval for Pavimental Polska (hereinafter referred to as the "Contractor"). The issuing of the said letter of approval means that SAM has accepted the tender submitted by the Contractor in the procedure related to the implementation of the fixed price lump-sum contract "Alteration of A4 motorway drainage – Part III "F2b-10-2018")" (hereinafter referred to as the "Contract").

The net value of the Contract is PLN 15,032,717.49 (hereinafter: the Approved Net Contractual Amount).

Under the contract, a 2,750 m section of the A4 Katowice–Kraków motorway drainage system will be altered.

On the same day, SAM and the Contractor signed an agreement related to the performance of the Contract, whose provisions are consistent with the form presented in the tender procedure documents.

The General Conditions for the above-mentioned Contract will be provided by the "Conditions of Contract for Construction for Building and Engineering Works Designed by the Employer", first ed. 1999, published by Fédération Internationale des Ingénieurs-Conseils (FIDIC), copy in Polish (fourth English-Polish edition, unchanged, 2008). The General Conditions of Contract will be complemented by the Specific Conditions of Contract. The General Conditions

of Contract remain in force unless the Specific Conditions of Contract provide otherwise. The General and the Specific Conditions of the Contract together form the Conditions of Contract.

The agreement provides for the following contractual penalties (liquidated damages) for the Contractor:

- delay damages – the liquidated damages limit under Clause 8.7 of the Conditions of Contract is 10% of the Approved Net Contractual Price,
- damages for failure to remedy defects by the fixed date – the liquidated damages limit under Clause 11.4 of the Conditions of Contract is 10% of the Approved Net Contractual Price,
- damages for unjustified traffic hindrances – the liquidated damages limit under Clause 8.13 of the Conditions of Contract is 2% of the Approved Net Contractual Price,

In the reporting period and until the date of this Report, no other agreements significant for the Group's activity were entered into.

2.2. INFORMATION ON CHANGES IN ORGANISATIONAL OR CAPITAL RELATIONS OF THE GROUP WITH OTHER ENTITIES

No changes of this type occurred in the reporting period or until the date of preparation of this Report.

2.3. INFORMATION ON CONCLUSION BY THE COMPANY OR BY ITS SUBSIDIARY OF ONE OR MORE TRANSACTIONS WITH RELATED PARTIES, IF ENTERED INTO ON TERMS OTHER THAN MARKET TERMS

All transactions concluded by the Company or its subsidiaries with related parties were carried out on market terms. However, the Company's Management Board would like to point to several significant transactions between the Company or its subsidiaries and related parties:

- The **Operation and Maintenance Agreement** which was initially entered into in 1998 by and between Stalexport Autostrady and VIA4. The current agreement was entered into **by and between SAM and VIA4** on 22 March 2006.

The Operation and Maintenance Agreement was entered into for the term of the Concession Agreement (until 2027) and its scope includes clearly defined works connected with A4 concession project, including toll collection services and current maintenance and operation of the motorway (including winter maintenance). The contractual level of the operator's remuneration in the term of the Agreement separates in a long term the risk of impact of frequent market price fluctuations on maintenance and operation costs as well as ensures continuity of services and operation through the many years of implementation of the investment project. In H1 2019, the value of the transactions between SAM and VIA4 resulting from the above-mentioned Agreement amounted to PLN 23,690 thousand.

Considering the specificity and the scope of the above-mentioned Agreement and the fact that that the market for services of that kind is very limited, it is difficult to compare the provisions of the Operation and Maintenance Agreement to the terms which it is possible to obtain on what is referred to as the free market.

Nevertheless, in the opinion of the Company's Management Board, the above-mentioned Agreement was entered into on market terms and its provisions do not differ from the terms which might have been obtained if it had been signed with an entity not belonging to the Group.

- The **Agreement on Operation Services** related to the office facility located in Katowice at ul. Mickiewicza 28 of 1 March 2000 as amended, concluded between **Biuro Centrum** and the co-owners of the office building, including the **Company**, and the **Car Park Management Agreement** related to the car park located next to the said office building of 1 October 2009 concluded between **the Company and Biuro Centrum**.

The Company incurred maintenance costs and investment expenses related to security and functioning of the said office facility and car park, and all the expenses mentioned above were made through Biuro Centrum. The total amount of the said expenses in H1 2019 attributable to the Company was PLN 1,507 thousand.

- **Contract between SAM and the consortium of Pavimental S.p.A. and Pavimental Polska Sp. z o.o.** (the said entities belong to the Atlantia group, which holds 99.6% of the shares of Pavimental S.p.A., i.e. the sole shareholder of Pavimental Sp. z o.o.) **for resurfacing on motorway sections of a total length of 59.88 km.**

The contractor in this case was selected on the basis of a tendering procedure. The following three entities submitted their tenders within the deadline: (i) the consortium of Pavimental S.p.A. and Pavimental Polska Sp. z o.o. (ii) DROGOMEX Sp. z o.o. and (iii) EUROVIA Polska S.A. As a result of the tender committee works with the participation of the Independent Engineer, the tender submitted by the consortium of Pavimental S.p.A. and Pavimental Polska Sp. z o.o. obtained the highest score. The contract was entered into for the amount of PLN 40,227 thousand on 5 February 2016, and the time set for completion of the works envisaged by the contract was 620 days from the initial date, i.e. 19 February 2016.

After the mobilisation period, performance of the basic works started on 4 May 2016. In total, 9 variation orders were issued until the end of H1 2019, as a result of which the scope of the works was increased, while the total value of the contract amounts to PLN 45,596 thousand. The total net value of works invoiced by the consortium on account of this contract amounts to PLN 44,863 thousand (i.e. 96.28% of the current contract value), of which the amount of PLN 1,323 thousand was invoiced in H1 2019.

Taking into consideration the procedure for the selection of the entity to execute the above-mentioned contract, in the opinion of the Company's Management Board its terms should be deemed market terms.

- **Contract between SAM and the consortium of Pavimental S.p.A. and Pavimental Polska Sp. z o.o.** (the said entities belong to the Atlantia group, which holds 99.6% of the shares of Pavimental S.p.A., i.e. the sole shareholder of Pavimental Sp. z o.o.) **for the alteration of the A4 motorway drainage on the Silesian voivodeship section – part II.**

The contractor for this contract was selected on the basis of a tendering procedure, the conditions of which were agreed with the GDDKiA (pursuant to the provisions of the Concession Agreement, the Concessionaire selects each contractor by means of a tender and the GDDKiA has a right to verify the tendering criteria and conditions before announcing each of the tender procedures) and with the Financing Banks. The tender dossier was released to the potential tenderers after the call for tenders. Only one tender was received within the deadline, submitted by the consortium of Pavimental S.p.A. and Pavimental Polska Sp. z o.o. Having opened and having verified the tender, the tender committee found it to be valid and complete. The contract related to the alteration of the drainage system for 8 catchment areas in the Silesian voivodeship was entered into for the amount of PLN 23,420 thousand on 1 April 2016, and the time set for completion of the works envisaged by the contract was 580 days from the initial date, i.e. 4 May 2016.

The construction works started in 2016 after the end of the mobilisation period. Until the end of H1 2019, 14 variation orders were issued, expanding the construction works for instance by adding an extra catchment area, 4s. Taking into account the above variation orders, the value of the contract increased to PLN 29,875 thousand. The total net value of the works invoiced by the consortium amounts to PLN 28,517 thousand (i.e. 95.45% of the current contract value), of which the amount of PLN 463 thousand was invoiced in H1 2019.

Taking into consideration the procedure for the selection of the entity to execute the above-mentioned contract, in the opinion of the Company's Management Board its terms should be deemed market terms.

- **Contract between SAM and Pavimental Polska Sp. z o.o.** (entity belonging to the Atlantia group, which holds 99.6% of the shares of Pavimental S.p.A., i.e. the sole shareholder of Pavimental Sp. z o.o.) **for the renovation of the M48 bridge structure supports.**

The contractor for this contract was selected on the basis of a tendering procedure during which tenders from three entities were received: (i) Pavimental Polska Sp. z o.o. (ii) Freyssinet Polska Sp. z o.o. and (iii) the consortium of DROG-BUD Sp. z o.o. and BTH FORMAT Andrzej Karapyta. As a result of the tender committee works with the participation of the Independent Engineer, the tender submitted by the consortium of Pavimental Polska Sp. z o.o. obtained the highest score. The contract was entered into for the amount of PLN 21,300 thousand on 4 July 2017, and the time set for completion of the works envisaged by the contract is within 860 days from the initial date, i.e. 18 July 2017.

The construction works started after the mobilisation period. Two variation orders were issued until the end of H1 2019, increasing the total contract value to PLN 21,619 thousand. The total net value of works invoiced by the contractor on account of this contract amounts to PLN 15,856 thousand (i.e. 73.34% of the contract value), of which the amount of PLN 4,427 thousand was invoiced in H1 2019.

Taking into consideration the procedure for the selection of the entity to execute the above-mentioned contract, in the opinion of the Company's Management Board its terms should be deemed market terms.

- **Toll collection system repair & maintenance services** performed by **Autostrade-Tech S.p.A.** (this entity belongs to the Atlantia Group which holds 100% of the shares of Autostrade-Tech S.p.A.) **for SAM and VIA4.**

As part of the gradual phasing out of the period of support and maintenance in 2018 within the framework of the RTCE contract, the repair & maintenance services for the toll collection system were performed on the basis of separate agreements. Currently, SAM is authorised to contract out investment tasks related to the development of the toll collection system under the service agreement. In H1 2019, under the above-mentioned agreement, works were carried out for instance in relation to the implementation of videotolling and automation of dedicated lanes. The value of the investment expenditures for the tasks contracted out under the Software Service Agreement amounted to PLN 3,237 thousand in H1 2019.

In the opinion of the Company's Management Board, the services were performed in accordance with market terms not diverging from the terms which could have been obtained had the services been rendered by an entity not belonging to the Group.

- **Contract between SAM and the consortium of Pavimental S.p.A. and Pavimental Polska Sp. z o.o.** (said entities belonging to the Atlantia group, which holds 99.6% of the shares of Pavimental S.p.A., i.e. the sole shareholder of Pavimental Sp. z o.o.) **for the renovation of the M09L and M09P bridge structures and replacement of the expansion devices on the M54 structure.**

The contractor in this case was selected on the basis of a tendering procedure. The contract was entered into for the amount of PLN 8,694 thousand on 21 November 2018, and the time set for completion of the works envisaged by the contract is 700 days from the initial date, i.e. from 31 December 2018.

The mobilisation period was concluded in H1 2019 and variation order no. 1 was issued. As at 30 June 2019, the financial progress (value of settled works) was PLN 587 thousand (6.75% of the contract value) and concerned entirely works settled in H1 2019.

Taking into consideration the procedure for the selection of the entity to execute the above-mentioned contract, in the opinion of the Company's Management Board its terms should be deemed market terms.

- **Contract between SAM and Pavimental Polska Sp. z o.o.** (the said entities belong to the Atlantia group, which holds 99.6% of the shares of Pavimental S.p.A., i.e. the sole shareholder of Pavimental Sp. z o.o.) for **resurfacing on motorway sections with a total length of 42.4 km, performance of bridge works related to resurfacing and reconstruction of a part of the linear drainage system in the median strip.**

The contractor in this case was selected on the basis of a tendering procedure. The contract was entered into for the amount of PLN 49,689 thousand on 4 February 2019, and the time set for completion of the works envisaged by the contract is 600 days from the initial date, i.e. till 16 October 2020.

The Contractor ended the Mobilisation Period and started the construction works. The total net value of the works invoiced by the contractor on account of this contract amounts to PLN 5,440 thousand (i.e. 10.94% of the contract value), and concerns entirely works settled in H1 2019.

Taking into consideration the procedure for the selection of the entity to execute the above-mentioned contract, in the opinion of the Company's Management Board its terms should be deemed market terms.

2.4. INFORMATION ON GRANTING BY THE COMPANY OR BY ITS SUBSIDIARY OF CREDIT OR LOAN SURETIES OR ON GRANTING OF GUARANTEES – IN TOTAL TO ONE ENTITY OR TO ITS SUBSIDIARY, IF THE TOTAL VALUE OF EXISTING SURETIES OR GUARANTEES IS SIGNIFICANT

No sureties or guarantees were granted in the reporting period.

2.5. INFORMATION ON ISSUANCE OF SECURITIES INCLUDING DESCRIPTION OF THE USE OF THE PROCEEDS FROM THE ISSUE BY THE COMPANY

In the reporting period, the Company, just like the other entities from the Capital Group, did not issue any securities.

2.6. THE COMPANY'S SHARES OR RIGHTS THERETO HELD BY MEMBERS OF THE COMPANY'S MANAGING AND SUPERVISORY BODIES WITH AN INDICATION OF CHANGES IN SUCH HOLDINGS IN THE PERIOD FROM THE DAY OF SUBMISSION OF THE PREVIOUS PERIODIC REPORT

The number and nominal value of shares of Stalexport Autostrady (or rights thereto) held by persons managing and supervising the Company is provided based on representations submitted by those persons. The figures as at 30 June 2019 and as at the date of handing over of this Report are presented in the table below.

TABLE 3 | TABLE 3 | NUMBER AND NOMINAL VALUE OF STALEXPORT AUTOSTRADY SHARES (OR RIGHTS THERETO) HELD BY PERSONS MANAGING AND SUPERVISING THE COMPANY (AS AT 30 JUNE 2019 AND AS AT THE DATE OF HANDING OVER OF THE REPORT)

No.	Given name and surname	Entity name	Number of shares [units]	Nominal value
1.	Emil Wąsacz	Stalexport Autostrady	59,000	PLN 44,250

Source: The Company's own compilation based on representations made by the persons managing and supervising the Company

No changes occurred in terms of the holding of shares of Stalexport Autostrady by persons managing and supervising the Company in the period from the day of preparation of the previous periodic report until the date of submission of this Report.

2.7. SHAREHOLDERS HOLDING DIRECTLY OR INDIRECTLY THROUGH SUBSIDIARIES AT LEAST 5% OF THE TOTAL NUMBER OF VOTES AT THE ISSUER'S GENERAL MEETING AS AT THE DATE OF HANDING OVER OF THE SEMI-ANNUAL REPORT WITH AN INDICATION OF THE NUMBER OF SHARES HELD BY SUCH PERSONS/ENTITIES, THEIR PERCENTAGE SHARE IN THE SHARE CAPITAL, THE NUMBER OF VOTES RELATED TO THESE SHARES AND THEIR PERCENTAGE SHARE IN THE TOTAL NUMBER OF VOTES AT THE COMPANY'S GENERAL MEETING

The shareholders holding, according to the best knowledge of the Company, at least 5% of the total number of votes at the Stalexport Autostrady General Meeting are listed in the table below.

TABLE 4 | LIST OF STALEXPORT AUTOSTRADY SHAREHOLDERS HOLDING SIGNIFICANT BLOCKS OF THE COMPANY'S SHARES (AS AT 30 JUNE 2019 AND AS AT THE DATE OF HANDING OVER OF THE REPORT)

Entity name	Number of ordinary bearer shares [units]	Share in the share capital [%]	Number of votes at the General Meeting [units]	Share in the total number of votes at the General Meeting [%]
Atlantia	151,323,463	61.20%	151,323,463	61.20%

Source: Own compilation based on the notifications received by the Company from shareholders pursuant to Articles 69 and 69a in relation to Article 87 of the Act of 29 July 2005 on Public Offering, on the Conditions Governing the Introduction of Financial Instruments to Organised Trading and on Public Companies (consolidated text: Dz.U.2014.133, as amended).

No changes took place in the shareholding structure with regard to significant blocks of shares of Stalexport Autostrady in the period from the date of preparation of the previous periodic report until the date of submission of this Report.

2.8. INFORMATION ON SIGNIFICANT PROCEEDINGS BEFORE THE COURT, THE AUTHORITY COMPETENT FOR THE ARBITRATION PROCEEDINGS OR A PUBLIC ADMINISTRATION AUTHORITY

Neither Stalexport Autostrady nor its subsidiaries are parties to any significant proceedings in course before a common court, an arbitration court, or public administration bodies in cases related to the Company's or its subsidiary's payables or receivables.

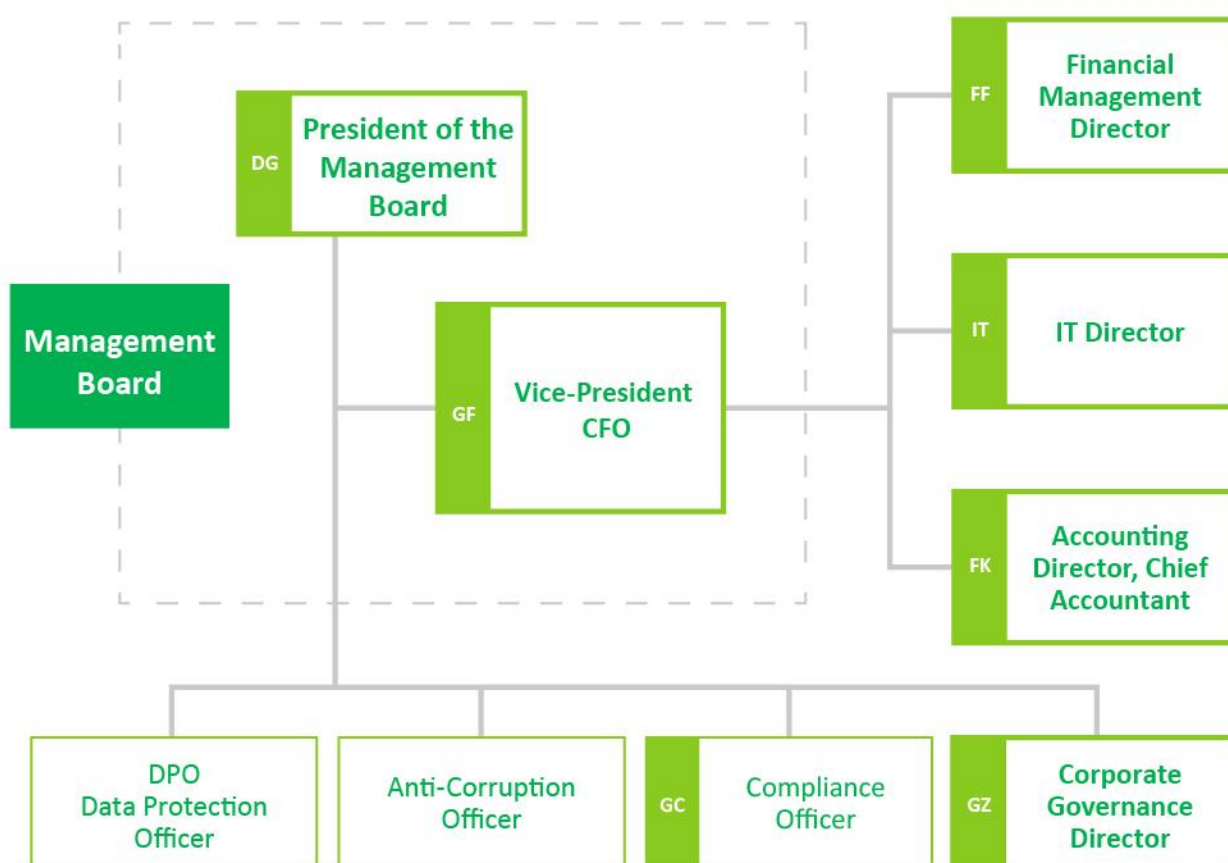
3. INFORMATION SIGNIFICANT FOR THE ASSESSMENT OF THE STAFFING SITUATION, FINANCIAL POSITION, ASSETS AND FINANCIAL RESULT OF THE STALEXPORT AUTOSTRADY GROUP AND OF CHANGES THEREOF, AND INFORMATION SIGNIFICANT FOR THE ASSESSMENT OF THE ISSUER'S AND OF ITS GROUP'S ABILITY TO FULFIL THEIR OBLIGATIONS

3.1. INFORMATION SIGNIFICANT FOR THE ASSESSMENT OF THE STAFFING SITUATION IN THE STALEXPORT AUTOSTRADY GROUP

(i) Organisational structure of Stalexport Autostrady

The Company's organisational structure did not change in H1 2019. The Company's organisational chart as at 30 June 2019 is shown below.

FIGURE 2 | ORGANISATIONAL CHART OF STALEXPORT AUTOSTRADY S.A. AS AT 30 JUNE 2019



Source: The Company's own compilation

The structure and organisation of the Group together with a description of the entities it includes is presented in section 1 of the Report.

No changes in the Group's organisation occurred in the reporting period, including changes as a result of merger of entities, acquisition or loss of control over subsidiaries and long-term investments, or the division, restructuring or discontinuation of activities.

(ii) Employment in the Group

As at 30 June 2019, Stalexport Autostrady had 26 employees (7% FTE), meaning that it increased vs 31 December 2018, when the headcount was 25 (6% FTE) and increased in the same way vs 30 June 2018, when it was also 25 (6% FTE).

The Group, as at 30 June 2019, had 329 employees, including 5 executive officers (members of Management Boards) and 21 middle management employees (directors and managers).

For the sake of comparison, as at 31 December 2018, the Stalexport Autostrady Group had 317 employees, and as at 30 June 2018, it had 324 employees. The number of executive officers and middle management employees remains unchanged compared to 31 December 2018 and 30 June 2018.

The increase in employment in the Group as at 30 June 2019 vs 30 June 2018 and 31 December 2018, respectively by 1.54% and just under 4%, was caused primarily by the increased employment of toll collection staff in the VIA4 operator company resulting from increased traffic levels, as well as by additional employment in H1 2019 in the companies SAM (Sales Department) and Stalexport Autostrady (Administration Department) as well as VIA4 (Financial and Administrative Department).

(iii) Changes in the composition of the Company's and of the Group's managing and supervisory bodies in the Stalexport Autostrady reporting period

○ Management Board

Pursuant to §10 of the Company's Statutes, the Management Board is composed of 1 to 3 persons. The President of the Management Board is appointed by the Supervisory Board, and the other members of the Management Board are appointed by the Supervisory Board at the request of the President of the Management Board. The joint term of office of the Management Board members lasts three consecutive years, and their mandates expire on the day of holding of the General Meeting approving the financial statements for the last full financial year of performance of the function of Management Board member.

In the reporting period (and until the date of preparation of the Report), the composition of the Company's Management Board did not change and was as follows:

- Emil Wąsacz – President of the Management Board,
- Mariusz Serwa – Vice-President of the Management Board.



Emil Wąsacz – President of the Management Board



Mariusz Serwa – Vice-President of the Management Board

The Management Board operates on the basis of applicable provisions of the law, including the Code of Commercial Companies and the Statutes passed by the General Meeting. Moreover, pursuant to the Company's Statutes, the Management Board adopted its own Regulations, setting forth its detailed rules of procedure. They are available on the corporate web page of Stalexport Autostrady (www.stalexport-autostrady.pl).

○ **Supervisory Board**

Pursuant to §14 of the Company's Statutes, the Supervisory Board is composed of 5 to 9 persons appointed for a joint term of office of three years. The General Meeting appoints and dismisses members of the Supervisory Board having previously determined their number for the given term of office.

On 14 April 2016, the Ordinary General Meeting of Stalexport Autostrady S.A. decided that the Supervisory Board of Stalexport Autostrady of the ninth term (2016–2018) would be composed of seven members. This decision was reaffirmed by the Company's Extraordinary General Meeting held on 26 January 2018 which decided that the Supervisory Board of Stalexport Autostrady of the ninth term (2016–2018) would continue to be composed of seven members and appointed the following two new members of the Supervisory Board:

1. Tomasz Dobrowolski,
2. Flavio Ferrari.

From that time until 3 April 2019, the Supervisory Board was composed of the following 7 members:

1. Tomasz Dobrowolski,
2. Flavio Ferrari,
3. Aleksander Galos – Deputy Chairman,
4. Roberto Mengucci – Chairman,
5. Marco Pace,
6. Stefano Rossi – Secretary,
7. Massimo Sonogo,

On 3 April 2019, the Ordinary General Meeting of Stalexport Autostrady decided that the Supervisory Board of Stalexport Autostrady of the tenth term (2019–2021) would also be composed of seven members and appointed the Supervisory Board with the following members:

1. Nicola Bruno,
2. Tomasz Dobrowolski,
3. Flavio Ferrari,
4. Aleksander Galos,
5. Roberto Mengucci,
6. Marco Pace,
7. Stefano Rossi.

On 19 April 2019, the Supervisory Board appointed the following persons:

1. Roberto Mengucci – as Chairman of the Supervisory Board,
2. Tomasz Dobrowolski – as Deputy Chairman of the Supervisory Board,
3. Stefano Rossi – as Secretary of the Supervisory Board.

The Supervisory Board operates on the basis of applicable provisions of the law, including the Code of Commercial Companies and the Statutes passed by the General Meeting. Moreover, pursuant to the Company's Statutes, the Supervisory Board adopted its own Regulations, constituting its rules of procedure. They are available on the corporate web page of Stalexport Autostrady (www.stalexport-autostrady.pl).

○ **Supervisory Board Committees**

The following committees function within the Supervisory Board: the Remuneration Committee and the Audit Committee, operating as advisory and opinion-forming bodies for the Supervisory Board,

In the reporting period, they were composed of the following members:

a) until 3 April 2019

Remuneration Committee:

- Roberto Mengucci – Chairman,
- Tomasz Dobrowolski – Deputy Chairman,
- Aleksander Galos.

Audit Committee:

- Aleksander Galos – Chairman,
- Mario Pace – Deputy Chairman (from 16 July 2018),
- Tomasz Dobrowolski.

b) from 19 April 2019

Remuneration Committee:

- Flavio Ferrari – Chairman,
- Tomasz Dobrowolski – Deputy Chairman,
- Aleksander Galos.

Audit Committee:

- Tomasz Dobrowolski – Chairman,
- Marco Pace – Deputy Chairman,
- Aleksander Galos.

Mr Tomasz Dobrowolski and Mr Aleksander Galos meet the criteria of independence envisaged for independent Audit Committee members, set forth in Article 129(3) of the Act of 11 May 2017 on statutory auditors, auditing firms and public supervision (Dz.U. of 2017, item 1089), and §3(5) of the Regulations of the Audit Committee, and the **criteria of independence envisaged for independent Remuneration Committee members**, as defined by Annex II to Commission Recommendation 2005/162/EC of 15 February 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board, as well as by the guidelines included in the DPSN 2016.

The Supervisory Board's committees operate pursuant to the regulations adopted by the Supervisory Board forming Enclosures to the Regulations of the Supervisory Board. These Regulations are also available from the corporate web page of the Company (www.stalexport-autostrady.pl).

3.2. PRESENTATION OF FINANCIAL RESULTS

The following table includes basic financial results of the Stalexport Autostrady Group generated in H1 2019 along with comparative data for the previous year.

TABLE 5 | SELECTED ITEMS OF THE STATEMENT OF COMPREHENSIVE INCOME OF THE STALEXPORT AUTOSTRADY GROUP IN H1 2019 AND IN THE SAME PERIOD OF THE PREVIOUS YEAR (CONSOLIDATED FIGURES)

PLN '000	H1 2019	H1 2018	Change [%]
Revenue from sales	167,962	160,244	5%
Cost of sales	-45,837	-20,197	127%
Gross profit on sales	122,125	140,047	-13%
Other operating revenue	1,987	4,910	-60%
General and administrative expenses	-62,766	-16,588	278%
Other operating expenses	-321	-3,110	-90%
Losses on impairment of trade receivables and other receivables	-16	-59	-73%
Profit on operating activities (EBIT)	61,009	125,200	-51%
Financial revenue	5,885	6,414	-8%
Financial expenses	-7,948	-14,240	-44%
Balance on financial activities	-2,063	-7,826	-74%
Share in profit of affiliates	79	115	-31%
Profit before tax	59,025	117,489	-50%
Income tax	-21,484	-23,526	-9%
Net profit	37,541	93,963	-60%

Source: The Company's own compilation

In H1 2019, the Group obtained revenues from sales higher by 5% vs the same period of the previous year, mainly as a result of the increase in traffic and of the changed rates for heavy goods vehicles on the toll section of the A4 motorway Katowice–Kraków.

The gross profit from sales decreased by 13% vs the same period of last year. The gross profit dynamic was fundamentally driven by the decrease in the revenue from sales and by the decrease in the cost of sales (mainly as a result of the change in the cost of the provision established for motorway resurfacing by PLN 23,714 thousand).

3.2.1. AMOUNT AND STRUCTURE OF OPERATING REVENUE

The Stalexport Autostrady Group's financial results are influenced mainly by the Group's motorway activity consisting in the management and operation of the Katowice–Kraków toll section of the A4 motorway, performed by the SAM subsidiary under the Concession Agreement it signed, in force until 2027.

The traffic intensity on the concession section of the motorway – particularly as far as heavy goods vehicles are concerned – largely depends on the rate of economic development, measured by the gross domestic product level (GDP).



In H1 2019, the Average Daily Traffic (ADT) on the concession section of the A4 motorway Katowice–Kraków amounted to 43,873 vehicles and was 1.7% higher than the traffic level recorded in the same period of 2018 (43,145 vehicles). In H1 2019, toll revenue amounted to PLN 165,994 thousand, i.e. it was higher by 5.0% vs the same period of 2018 (PLN 158,128 thousand).

As far as passenger cars are concerned, ADT increased from 36,027 vehicles in H1 2018 to 36,638 vehicles in H1 2019 (up by 1.7%). Consequently, toll revenue from passenger cars in H1 2019 amounted to PLN 105,783 thousand, i.e. it increased by 1.5% vs H1 2018 (PLN 104,244 thousand).

As far as heavy goods vehicles are concerned, ADT increased by approximately 1.6%, i.e. from 7,118 vehicles in H1 2018 to 7,235 vehicles in H1 2019. As a consequence of this and of the increase of the rates, toll revenue from heavy goods vehicles in H1 2019 amounted to PLN 60,211 thousand, i.e. it increased by 11.7% vs H1 2018 (PLN 53,884 thousand). The difference between the growth dynamics of toll revenue and the growth dynamics of the Average Daily Traffic of heavy goods vehicles is due to the change of the toll rates starting from 1 March 2019 (from PLN 18.00 to PLN 20.00, and from PLN 30.00 to PLN 35.00), as well as to the differences in the vehicle category structure (different toll rates are applied depending on the category).

The following table shows the Average Daily Traffic (ADT) in H1 2019 vs H1 2018 along with the dynamics.





TABLE 6 | AVERAGE DAILY TRAFFIC (ADT)

ADT	H1 2019	H1 2018	Change
Passenger cars 	36,638	36,027	1.7%
Heavy goods vehicles 	7,235	7,118	1.6%
Total	43,873	43,145	1.7%

Source: The Company's own compilation

The following table shows the toll revenue in H1 2019 vs H1 2018 along with the dynamics.

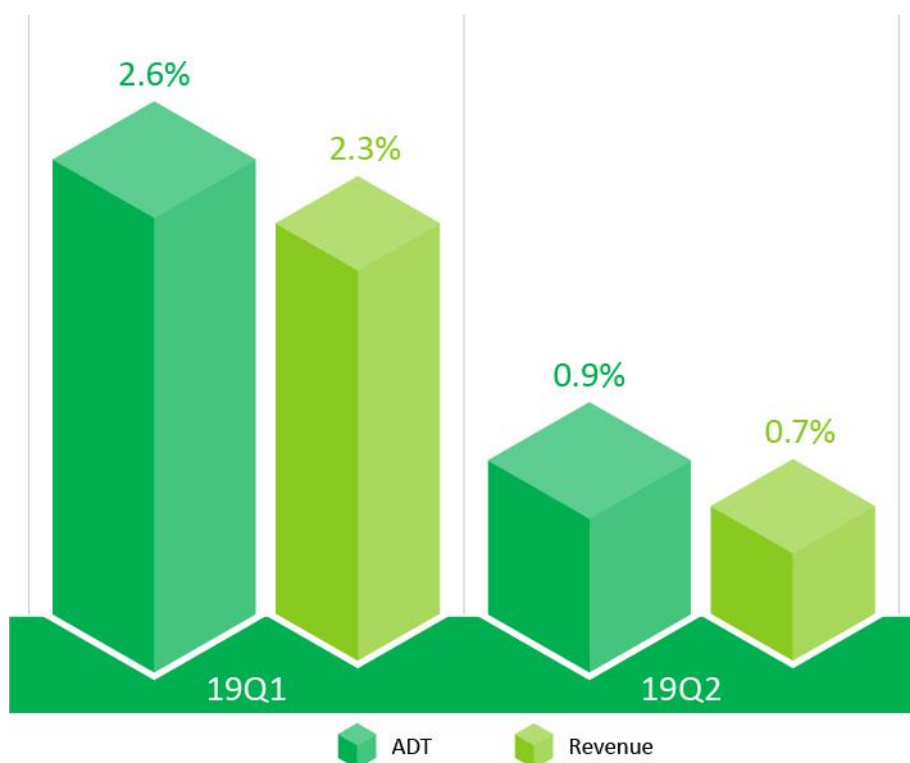
TABLE 7 | TOLL REVENUE

[PLN '000]	H1 2019	H1 2018	Change
Passenger cars _____  	105,783	104,244	1.5%
Heavy goods vehicles _____  	60,211	53,884	11.7%
Total	165,994	158,128	5.0%

Source: The Company's own compilation

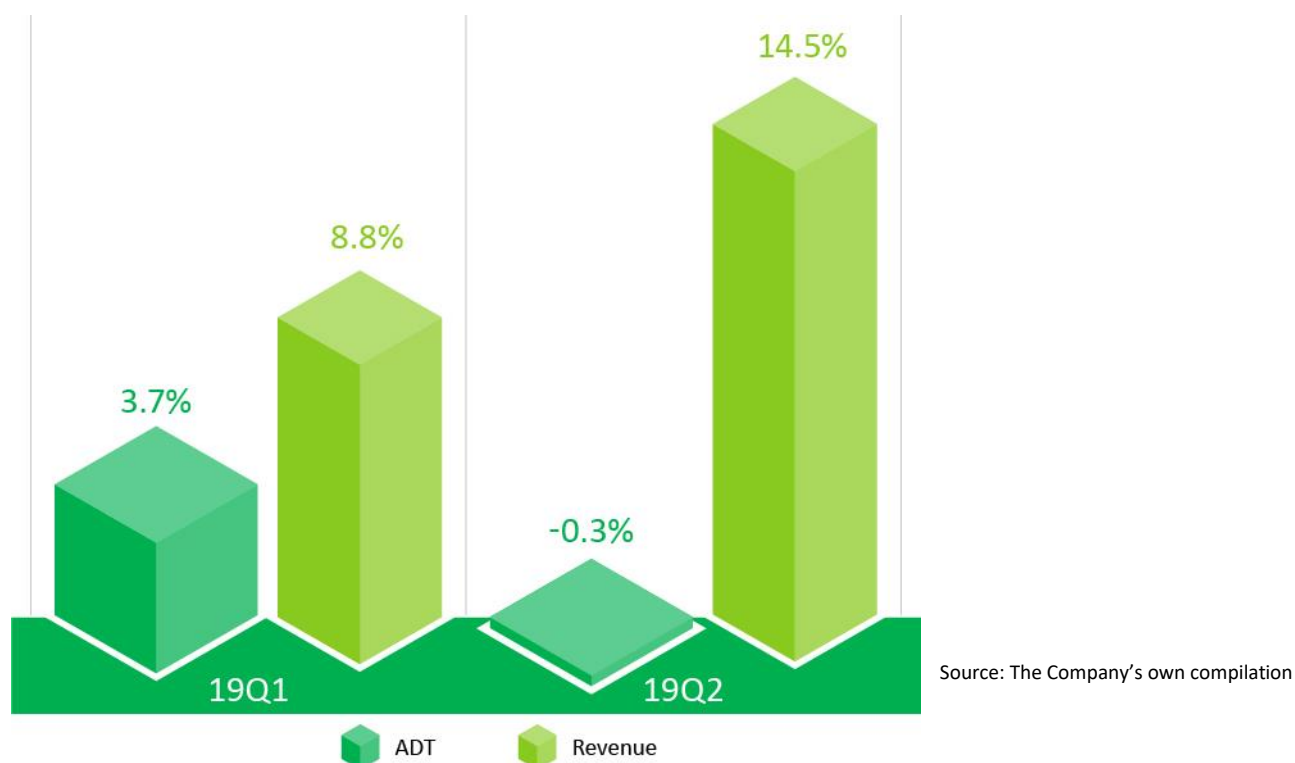
The following figures show the dynamics of Average Daily Traffic (ADT) and of toll revenue in H1 2019 vs H1 2018 on a quarterly basis, separately for passenger cars and heavy goods vehicles.

FIGURE 3 | DYNAMICS OF AVERAGE DAILY TRAFFIC (ADT) AND OF TOLL REVENUE FOR PASSENGER CARS IN H1 2019 VS H1 2018 (QUARTER ON QUARTER OF THE PREVIOUS YEAR)



Source: The Company's own compilation

FIGURE 4 | DYNAMICS OF AVERAGE DAILY TRAFFIC (ADT) AND OF TOLL REVENUE FOR HEAVY GOODS VEHICLES IN H1 2019 VS H1 2018 (QUARTER ON QUARTER OF THE PREVIOUS YEAR)



The difference between the quarters in terms of the percentage change results mainly from the changes in the toll rates, in force starting from 1 March 2019.

Apart from toll collection, the Group also obtained revenue from sales related to motorway operation in the amount of PLN 294 thousand, including PLN 273 thousand in compensation for infrastructure damaged by motorway users.

Apart from the motorway activity, revenue from sales of the Stalexport Autostrady Group in the amount of PLN 1,674 thousand was related to the lease of space in the office building in Katowice, at ul. Mickiewicza 29 and the provision of IT services. Compared to H1 2018, the amount of revenue unrelated to motorway activities increased slightly.

In H1 2019, other operating revenues amounted to PLN 1,987 thousand and included, among other items, revenue from rest and service area lease (PLN 1,286 thousand), refund of overpaid property tax for previous years (PLN 214 thousand), profit from disposal of tangible and intangible fixed assets (PLN 187 thousand), obtained compensation, contractual penalties and liquidated damages, reimbursement of fees and costs of court proceedings (PLN 104 thousand), and other (PLN 190 thousand).

3.2.2. AMOUNT AND STRUCTURE OF OPERATING EXPENSES

In H1 2019, the operating expenses of the Stalexport Autostrady Group amounted to PLN 108,924 thousand and were higher by 173.0% vs the same period of the previous year, mainly as a result of recognising in the current period of costs not occurring in the comparative period, related to "Payments to the State Treasury", in the amount of PLN 44,356 thousand.

In H1 2019, the costs of operating activities consisted of the following:

- own costs of sales in the amount of PLN 45,837 thousand. The value of that cost group was approx. 126.9% higher than in the previous year (PLN 20,197 thousand), mainly as a result of the increase of the cost of establishing provisions for resurfacing (up by PLN 23,714 thousand).
- general and administrative costs in the amount of PLN 62,766 thousand, higher by PLN 79,354 thousand (278.4%) vs the same period in the previous year (including as a result of recognising the "Payments to the State Treasury" in the amount of PLN 44,356 thousand);
- other operating expenses in the amount of PLN 321 thousand, influenced mainly by the adjustment of the revenues from the lease of rest and service areas for previous years as a result of a refund of real estate tax (PLN 214 thousand).

3.2.3. FINANCIAL OPERATIONS

In H1 2019, the Group generated a negative balance on financial activities in the amount of PLN 2,063 thousand, i.e. the financial revenue generated (PLN 5,885 thousand) was lower than the financial expenses incurred (PLN 7,948 thousand).

The financial revenue was influenced mainly by the interest on bank accounts and deposits in the amount of PLN 5,784 thousand.

The financial expenses were mainly influenced by the discounting of provisions in the total amount of PLN 3,411 thousand, of which: PLN 3,126 thousand corresponded to provisions for Phase II investment works on the A4 motorway, and PLN 285 thousand corresponded to the resurfacing provision. At this point, it is worth mentioning that in line with the International Accounting Standards as well as the International Financial Reporting Standards, resurfacing provisions are recognised by the Group in the financial statements at their present value. The relevant figure reflects, therefore, the nominal value of the given liability or of the expected expenditure, discounted as at the day the financial statements are prepared, using the market interest rate.

Significant items of other financial expenses included the following: interest and commission on the loan (PLN 1,856 thousand) and loss on transactions concluded by SAM to hedge against interest rate variations (PLN 1,148 thousand).

It is also worth pointing out that the negative balance on financial activities recorded in H1 2019 (PLN 2,063 thousand) was lower than in H1 2018 (PLN 7,826 thousand). This was caused mainly by the decrease of financial costs as a result of the gradual repayment of the loan liabilities.

3.3. ASSETS AND FINANCIAL POSITION

The following table includes a synthetic statement of financial position of the Group as at 30 June 2019. For the sake of comparison, the figures reflecting particular items and their structure for 2018 have also been included.

TABLE 8 | SYNTHETIC STATEMENT OF FINANCIAL POSITION OF THE STALEXPORT AUTOSTRADY GROUP (CONSOLIDATED DATA) AS AT 30 JUNE 2019 AND AS AT 31 DECEMBER 2018

in PLN'000	<i>Dynamics</i>			<i>Structure</i>	
	30 Jun 2019	31 Dec 2018	2019/2018	30 Jun 2019	31 Dec 2018
Non-current assets	992,016	936,345	6%	77%	70%
Current assets	299,278	394,556	-24%	23%	30%
Equity	751,492	804,671	-7%	58%	60%
Non-current liabilities	339,182	357,896	-5%	26%	27%
Current liabilities	200,620	168,334	19%	16%	13%
Balance sheet total	1,291,294	1,330,901	-3%	100%	100%

Source: The Company's own compilation

3.3.1. ASSETS

The largest item in **non-current assets** were non-current investments, whose value had increased as at the end of H1 2019 to the amount of PLN 479,688 thousand vs PLN 419,343 thousand as at the end of 2018. This resulted mainly from the increase of the value of cash accumulated by SAM in deposit/reserve accounts created in line with the provisions of the Concession Agreement for the purpose of completion of the tasks specifically provided for in the Agreement (including mainly financing of the investment scheme being implemented).

The second largest item in non-current assets group consisted of intangible assets, amounting at the end of H1 2019 to PLN 444,810 thousand, and composed virtually entirely of concession intangible assets. Their value decreased by PLN 5,112 thousand versus the end of 2018. This decrease resulted from (i) the amortisation of concession intangible assets and other intangible assets (PLN 24,653 thousand), (ii) the increase in concession intangible assets as a result of revaluation (PLN 16,407 thousand), and (iii) acquisition (PLN 3,134 thousand).

Tangible fixed assets (PLN 31,533 thousand) and deferred income assets, the value of which as at the end of H1 2019 decreased to the amount of PLN 28,103 thousand, constituted another significant item of non-current assets. Deferred income tax assets included items related, among others, to property, plant and equipment as well as the provisions established, set off against the deferred tax provision related mainly to concession intangible assets.

The largest item in the **current assets** structure was cash (PLN 272,604 thousand), whose value as at the end of H1 2019 decreased by PLN 61,137 thousand vs the end of 2018. Trade receivables and other receivables constituted another significant item of current assets (PLN 22,421 thousand); they decreased by PLN 14,939 thousand mainly as a result of the decrease in VAT receivables. Apart from the above, inventories (PLN 2,592 thousand) decreased vs 2018 by PLN 132 thousand, while the value of non-current investments in the amount of PLN 1,651 thousand decreased vs the end of 2018 (PLN 1,823 thousand).

3.3.2. LIABILITIES

As at 30 June 2019, the Group's total **payables and provisions** amounted to PLN 539,802 thousand, of which 63% were non-current items. The main items of payables and provisions included the following:

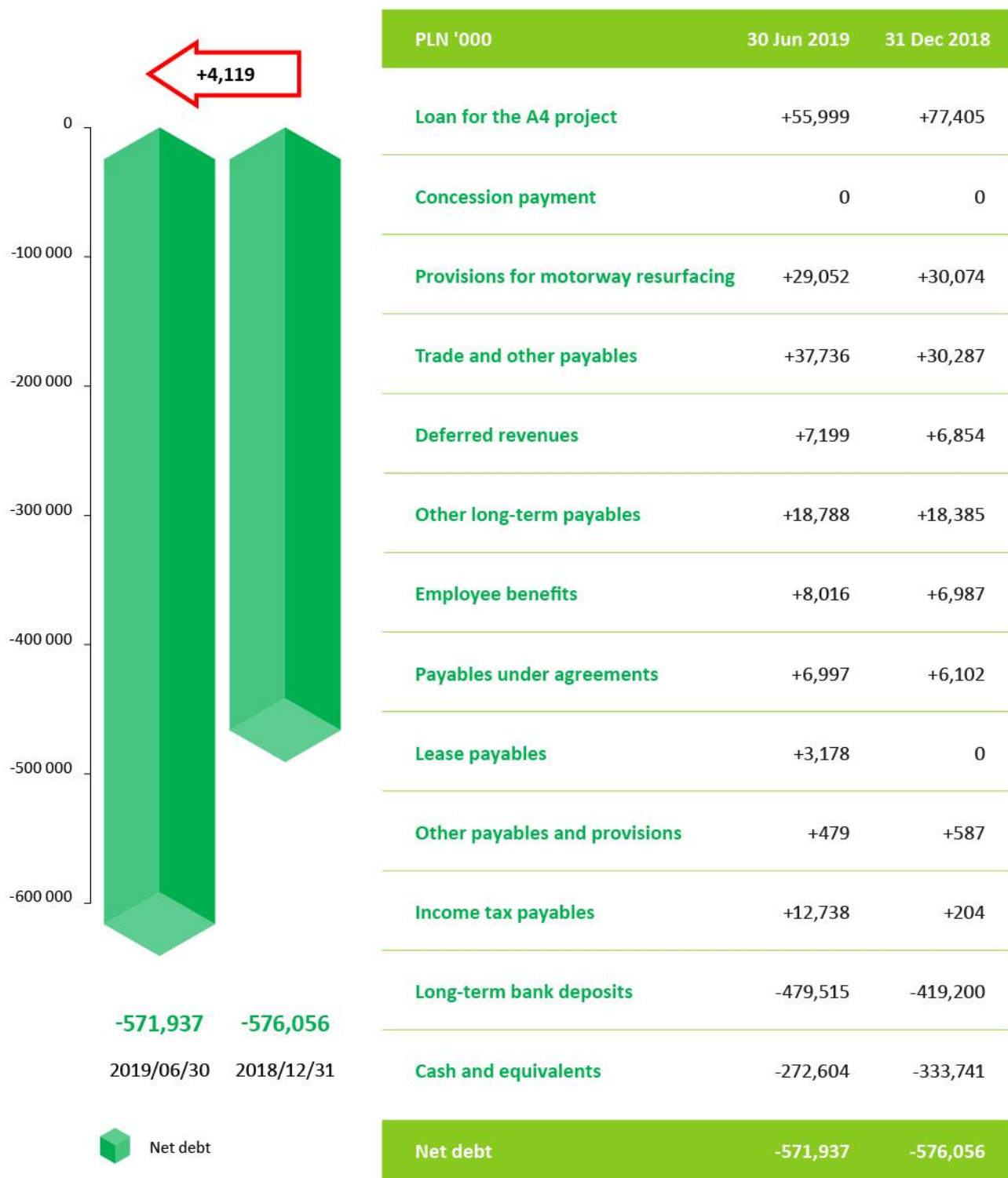
- provision of PLN 357,581 thousand for capital expenditure within Phase II of the investments being implemented on the managed section of the A4 motorway;
- bank loan in the amount of PLN 55,999 thousand (taking into account interest accrued and prepaid costs of financing) intended for the financing of the investments being implemented on the managed section of the A4 motorway;
- the amount of PLN 37,736 related to trade payables and other payables (including the current portion of the Concession Fee payables in the amount of PLN 3,205 thousand and Payments to the State Treasury in the amount of PLN 6,583 thousand);
- provision of PLN 29,052 thousand established for the planned motorway resurfacing;
- PLN 18,788 thousand: other non-current payables towards (including PLN 11,802 thousand in relation to Concession Fees);
- PLN 12,738 thousand: income tax payables;
- PLN 8,016 thousand: payables related to employee benefits;
- PLN 7,962 thousand: prepayment related to lease of rest and service areas and land for fibre optic cables (concerns the Katowice–Kraków section of the A4 motorway);
- PLN 6,997 thousand: the value of the toll for the A4 Katowice–Kraków motorway which was sold in the form of the prepaid KartA4 proximity cards and of the A4Go on board units, but unused;
- PLN 3.178 thousand: payables related to leasing;
- PLN 2,518: payable related to derivative instruments used as hedging.

3.3.3. NET DEBT

Excluding from the liabilities the provisions for Phase II construction works and the payable related to derivative instruments used as hedging (including deferred tax), the Group's net debt in H1 2019 remained at a similar level as at the end of 2018. The net debt of the Group is primarily influenced by the bank loan granted by the Financing Banks for the implementation of A4 Katowice–Kraków project on the one hand, and by cash in current and non-current deposits on the other hand.

The detailed method of calculation of this ratio and its value at the end of H1 2019 and as at 31 December 2018 are presented below.

FIGURE 5 | NET DEBT OF THE GROUP (CONSOLIDATED DATA) – AS AT 30 JUNE 2019 AND 31 DECEMBER 2018



Source: The Company's own compilation

3.3.4. CAPITAL EXPENDITURE

Capital expenditure incurred by the Stalexport Autostrady Group in H1 2019 amounted to PLN 12,246 thousand and included mainly construction works carried out on the Katowice–Kraków section of the A4 motorway managed by the Group. The said expenditure was related mainly to renovation of bridges and to drainage of the Silesian section of the motorway. Other capital expenditure of the Group pertain mainly to the purchase of the equipment required for the purpose of ongoing motorway maintenance, as well as replacement of office equipment and means of transportation. The above-mentioned value of capital expenditure also includes the Independent Engineer’s costs and design costs.

All the above-mentioned activities were allowed for in the Group’s capital expenditure budget for 2019. At this point, it is worth mentioning that financing of the investment tasks resulting from the Concession Agreement concluded by SAM is secured with own funds generated from the operation of the A4 motorway (toll) and additionally with the Project Loan Agreement entered into in December 2005 with the Financing Banks. The said Agreement secured external financing up to the amount of PLN 380,000 thousand. As at the end of H1 2019, the nominal value of the bank loans related to that amounted to PLN 56,020 thousand (while taking into account the accrued interest and the prepaid financing costs, the loan amounts to PLN 55,999 thousand). The value of the Group’s liabilities in this respect will decrease in future periods.

4. PERSPECTIVES FOR DEVELOPMENT AND MAJOR RISKS AND THREATS; DESCRIPTION OF THE EXTERNAL AND INTERNAL FACTORS SIGNIFICANT FOR THE GROUP'S DEVELOPMENT

4.1. OUTLOOKS FOR DEVELOPMENT

The outlooks for external development of Stalexport Autostrady come from the possible implementation of potential projects related to road infrastructure. The Road Construction Programme creates a potential market for the Company and for the companies belonging to the Group. However, it should be emphasised that the road infrastructure area is a sector heavily dependent on the State regulator. As a result of that, the number of tender procedures related to projects of interest for the Company and the possibility of their implementation under the PPP formula is the consequence of the public party's policy on road construction and of the condition of the national budget. It needs to be mentioned at this point that the Company, which analyses the public party's policy on a systematic basis, is also interested in other projects related to the broadly conceived road infrastructure.

As far as the internal development strategy is concerned, the Group has been making and will continue to make efforts to improve the quality of services provided to the motorway users by way of improvements of the toll collection system, allowing the customers to diversify the range of toll payment methods. These efforts are intended to improve the flow capacity at the toll plazas and to shorten the transaction time. An example of such activities undertaken on the part of the Stalexport Autostrady Group was the pioneer project (among toll motorway concessionaires in Poland) consisting in the introduction of an electronic toll collection system using the microwave technology (in accordance with EU directives) under the commercial name of "A4Go" (www.karta4go.pl), making it possible to drive through the toll plazas operated on the A4 Katowice–Krakow section more conveniently and faster compared to using traditional payment methods.

It was possible to implement this project thanks to the experience of the companies from the Atlantia group, an international leader in the electronic toll collection sector. Drawing further on this experience, in H1 2019 the Group took measures aimed at introducing another form of payment based on what is referred to as videotolling. As a result of these activities, this type of payment was implemented on 16 July 2019.

4.2. DESCRIPTION OF SIGNIFICANT RISK FACTORS AND THREATS; DESCRIPTION OF EXTERNAL AND INTERNAL FACTORS SIGNIFICANT FOR THE DEVELOPMENT OF THE COMPANY AND OF THE STALEXPORT AUTOSTRADY GROUP

The fundamental risks and threats and the external and internal factors significant for the operation of the Group and of the Company can be divided into three basic areas related to the following:

- **the A4 Katowice–Kraków project in progress.**

Within this scope, risks as well as the economic and financial factors related to the overall economic situation and to the current situation on the construction works market, as well as risks of political and legal nature prevail.

The **overall economic situation** in Poland has an impact mainly on the number of vehicles using the A4 motorway (this factor affects mainly the heavy goods vehicle traffic), and thus on the level of revenue from toll collection generated by the Concessionaire. The Group reduces this risk by means of an adequate (optimal) pricing policy and by taking actions aimed at improving the customer service quality on the motorway section managed by the Group by the improvement of toll collection system currently in progress, diversifying the range of toll payment

methods available to the customers. As far as the **construction works market** is concerned, a buoyant mood on that market increases the prices of construction services and decreases the profitability of the A4 Katowice–Kraków project, while in a period of downturn on that market, the Group may negotiate more favourable conditions for the execution of the necessary works, thus keeping more funds available to the shareholders. The Company seeks to mitigate the risk within this area by active management, within the scope of powers granted to it under the Concession Agreement, of the schedule of the constructions works planned and carried out.

Institutional and legal instability of the environment regulating the infrastructure sector in Poland is the main factor from the **political and legal risk group**. The Company seeks to counteract these risks for instance by promoting best practices and solutions aimed at creating an appropriate legal framework for the execution of infrastructure projects and by actively participating in the public debate regarding new legislative solutions. This risk group also includes the potential actions aimed at amending the existing law, which may affect the revenue or expense level of the A4 Katowice–Kraków project. It is worth emphasising at this point that the Concession Agreement includes provisions which make it possible to claim compensation from the State Treasury if the public party performs activities that adversely affect the profitability of the A4 Katowice–Kraków project.

Additional risks are also related to the **decision of the Polish Office of Competition and Consumer Protection** (UOKiK) of 2008, in which the Office stated, among other things, that the Concessionaire’s practice restricted competition by “imposing unfair prices for using the toll section of the motorway in the amount specified in the price list, in spite of the repair works being carried out at the same time on that section, resulting in major traffic disruption” and ordered that these practices be ceased. When performing future repair works causing substantial traffic disruption, the Concessionaire should respect the provisions of that decision in its toll rate policy. The Company reduced this risk by introducing the following documents for application: (i) the Rules of performance of works causing traffic disruption on the motorway and (ii) the Principles of charging reduced toll rates if construction/repair works are being performed between the toll plazas leading to the failure to meet the motorway standard.

- **lease of office space and investment of own funds**

Within this scope, the risks that should be mentioned are related to the overall economic situation and to the investment climate, as well as to the market interest rate risk.

The **overall economic situation** in Poland directly affects the office space lease market and thus the size of the vacant (not leased) space and the rent rates. The Company mitigates this risk by applying a flexible pricing policy and by making other efforts to increase the attractiveness of the office space and to improve the safety of its users. Furthermore, the Company makes constant efforts to acquire new lessees.

As a result of the revenue structure and of the nature of the business, the Company’s financial results are burdened by an **interest rate risk**. This risk is related to the volatility of the financial markets and manifests itself in changes in the value of money. Stalexport Autostrady reduces this risk by diversifying the terms of the deposits in which the Company invests its funds.

- **all activities generally performed by the Group.**

The institutional and legal instability of the environment mentioned above affects not only the implementation of the A4 Katowice–Kraków project, but also all of the Company’s and of the Group’s activities, with particular emphasis on the functioning of Stalexport Autostrady as a public company.

The Company seeks to counteract these risks by constant monitoring of all changes to legal regulations (both national and EU ones), by using consultancy services provided by companies specialising in the individual fields, by participation of the Management Board and of the employees responsible for the given business area in training courses and conferences related to the new regulations, and by implementing appropriate procedures and best practices, both in the Company and in the entire Group.

The remaining information about external and internal factors significant for the operation of Stalexport Autostrady and of the Group is included in section 3 of this Report.

5. CONCLUSION

Concluding the presentation of the Report, we would like to emphasise that the Stalexport Autostrady Group, operating in the motorway business, has sound financial bases that guarantee the stability of the business currently carried out and provide opportunities for future implementation of usually very capital-intensive projects related to the construction and management of motorways.

31 July 2019

Date

Emil Wąsacz

President of the Management Board, CEO

*Signed with a qualified
electronic signature*

31 July 2019

Date

Mariusz Serwa

Vice President of the Management Board, CFO

*Signed with a qualified
electronic signature*

6. MANAGEMENT BOARD'S REPRESENTATION SETTING FORTH THAT, ACCORDING TO THEIR BEST KNOWLEDGE, THE CONDENSED SEMI-ANNUAL CONSOLIDATED FINANCIAL STATEMENTS AS WELL AS THE COMPARABLE DATA HAVE BEEN DRAWN UP IN LINE WITH THE APPLICABLE ACCOUNTING STANDARDS AND THEY GIVE A TRUE AND FAIR VIEW OF THE GROUP'S ASSETS AND FINANCIAL POSITION AS WELL AS OF ITS FINANCIAL RESULT, AND THAT THE SEMI-ANNUAL MANAGEMENT BOARD'S REPORT ON THE ACTIVITIES OF THE COMPANY'S GROUP GIVES A TRUE PRESENTATION OF THE DEVELOPMENT, ACHIEVEMENTS AND POSITION OF THE COMPANY'S GROUP, INCLUDING A DESCRIPTION OF MAJOR THREATS AND RISKS

Representation

We hereby represent that, according to our best knowledge, the condensed semi-annual consolidated financial statements of the Company for 2019 and the comparable data have been drawn up in line with the applicable accounting standards and they give a true and fair view of Stalexport Autostrady's assets and financial position as well as its financial profit or loss.

At the same time we represent that the Management Board's Report on the Activities of Stalexport Autostrady S.A. in H1 2019 gives a true presentation of the Company's development, achievements and position, including a description of major risks and threats.

31 July 2019

Date

Emil Wąsacz

President of the Management Board, CEO

31 July 2019

Date

Mariusz Serwa

Vice President of the Management Board,
CFO

7. ENCLOSURES

Enclosure no. 1 Selected financial data of Stalexport Autostrady

TABLE 9 I FINANCIAL DATA CONCERNING THE CONDENSED SEMI-ANNUAL CONSOLIDATED FINANCIAL STATEMENTS OF THE STALEXPORT AUTOSTRADY GROUP FOR THE PERIOD OF 6 MONTHS ENDED ON 30 JUNE 2019

	PLN '000		EUR '000	
	H1 2019	H1 2018	H1 2019	H1 2018
Revenues	167,962	160,244	39,170	37,798
Profit on operating activities	61,009	125,200	14,228	29,532
Profit before taxation	59,025	117,489	13,765	27,713
Net profit for the period	37,541	93,963	8,755	22,164
Net profit attributable to the owners of the Parent Entity	35,138	91,209	8,194	21,514
Weighted average number of shares as at the end of the period (in thousands)	247,262	247,262	247,262	247,262
Earnings per share of the Parent Entity's owners (in PLN/EUR)	0.14	0.37	0.03	0.09
Diluted earnings per share of the Parent Entity's owners (in PLN/EUR)	0.14	0.37	0.03	0.09
Net cash from operating activities	121,752	102,699	28,394	24,224
Net cash from investment activities	(66,879)	(15,741)	(15,597)	(3,713)
Net cash from financial activities	(116,010)	(155,215)	(27,055)	(36,612)
Net cash flows, total	(61,137)	(68,257)	(14,258)	(16,100)
	30 Jun 2019	31 Dec 2018	30 Jun 2019	31 Dec 2018
Total assets	1,291,294	1,330,901	303,691	309,512
Non-current assets	992,016	936,345	233,306	217,755
Current assets	299,278	394,556	70,385	91,757
Total payables	539,802	526,230	126,952	122,379
Non-current liabilities	339,182	357,896	79,770	83,232
Current liabilities	200,620	168,334	47,183	39,147
Total shareholders' equity	751,492	804,671	176,738	187,133
Equity of the owners of the Parent Entity	744,510	800,069	175,096	186,063
Non-controlling shares	6,982	4,602	1,642	1,070
Share capital	185,447	185,447	43,614	43,127

Source: The Company's own compilation

TABLE 10 | FINANCIAL DATA CONCERNING THE CONDENSED SEMI-ANNUAL SEPARATE FINANCIAL STATEMENTS OF STALEXPORT AUTOSTRADY FOR THE PERIOD OF 6 MONTHS ENDED ON 30 JUNE 2019

	PLN '000		EUR '000	
	H1 2019	H1 2018	H1 2019	H1 2018
Revenues	1,909	1,851	445	437
Loss on operating activities	(2,358)	(2,205)	(550)	(520)
Profit before taxation	10,559	642	2,462	151
Net profit for the period	10,410	493	2,428	116
Weighted average number of shares as at the end of the period (in thousands)	247,262	247,262	247,262	247,262
Earnings per ordinary share (in PLN/EUR)	0.04	0.00	0.01	0.00
Diluted earnings per ordinary share (in PLN/EUR)	0.04	0.00	0.01	0.00
Net cash from operating activities	(433)	(483)	(101)	(114)
Net cash from investment activities	12,597	7,747	2,938	1,827
Total net cash flow	(79,448)	(64,442)	(18,528)	(15,200)
	30 Jun 2019	31 Dec 2018	30 Jun 2019	31 Dec 2018
Total assets	276,760	354,213	65,089	82,375
Non-current assets	79,454	77,224	18,686	17,959
Current assets	197,306	276,989	46,403	64,416
Total payables	8,498	4,753	1,999	1,105
Non-current liabilities	3,685	99	867	23
Current liabilities	4,813	4,654	1,132	1,082
Total shareholders' equity	268,262	349,460	63,091	81,270
Share capital	185,447	185,447	43,614	43,127

Source: The Company's own compilation

The selected financial data were converted into EUR in accordance with the following principles:

- the individual items of the consolidated and separate statement of comprehensive income and cash flow statement for H1 2019 and for H1 2018: at the rate constituting the arithmetic average of the average exchange rates published by the National Bank of Poland in force as at the last day of each month in the business period, i.e. respectively 4.288 PLN/EUR and 4.2395 PLN/EUR;
- the individual items of assets and liabilities: at the average exchange rate published by the National Bank of Poland, in force as at the balance sheet date, i.e. respectively 4.252 PLN/EUR as at 30 June 2019 and 4.3 PLN/EUR as at 31 December 2018.